GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:971
ANSWERED ON:22.07.2016
Money Laundering Cases
Kumar Shri P.

Will the Minister of FINANCE be pleased to state:

(a) the number of money laundering cases detected during each of the last three years and the current year, State/UT −wise;
(b) whether Government has received reports of lack of coordination amongst different agencies of the Union and the respective State Governments resulting in failure to detect cases of black/illegal money transactions;
(c) If so, the details thereof alongwith the reaction of the Government thereto; and
(d) The corrective steps taken/being taken by the Government to curb the menace of money laundering in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) As per Annexure
(b) to (c) Nil
(d) The Government has taken several effective steps, both by way of policy level initiatives as well as through more effective enforcement action on the ground, to curb the menace of black money in the country. These steps include:

(i) Constitution of the Special Investigation Team (SIT) on Black Money under the Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court.
(ii) Enactment of a Comprehensive new law titled 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' to specifically and more effectively deal with the issue of black money stashed away abroad which has come into force w.e.f. 01.07.2015.
(iii) Introduction of the Benami Transactions (Prohibition) Amendment Bill, 2015 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter-alia, enable confiscation of Benami property and provide for prosecution.
(iv) Proactively engaging with foreign governments for enhanced exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreement (TIEAs)/Multilateral Conventions.
(v) According high priority to the cases involving black money stashed away abroad for investigation and other follow-up actions.
(vi) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to prosecute the offenders at the earliest possible for credible deterrence against tax evasion/black money.
(vii) Proactively furthering global efforts to combat tax evasion/black money, inter-alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA).
(viii) Rationalization of the PAN quoting requirements in respect of certain financial transactions which includes the need of compulsory quoting of PAN for sale or purchase, by any person, of goods or services of any nature (other than those for which separate requirements have been prescribed under rule 114B of the Income-tax Rules, 1962) of the amount exceeding Rs. 2 lakh per transaction w.e.f. 1st January, 2016.
(ix) Vide the Finance Act, 2015, Section 132 of the Customs Act, 1962, which deals with offence relating to false declaration/documents in the transaction of any business relating to Customs has been made predicate offence under Prevention of Money-laundering Act, 2002 to curb trade based money laundering. Further, vide the Finance Act, 2015, the definition of 'proceeds of crime' under PMLA has been amended. Under the revised definition 'proceeds of crime' would also include "where such property is taken or held outside the country, then the property equivalent in value hold within the country". This provision will enable action in those cases where 'proceeds of crime' is taken or held outside the country and enable action to be taken for attachment of equivalent asset located in the country.
(x) The Foreign Exchange Management Act, 1999 (FEMA) has also been amended vide Finance Act, 2015 to the effect that if any foreign exchange, foreign security of any immovable property situated outside India is held in contravention of the provisions of this Act, then action may be taken for seizure and eventual confiscation of assets of equivalent value situated in India. These contraventions are also being made liable for levy of penalty and prosecution with punishment of imprisonment up to five years.